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SIPDIS
PRAGUE FOR DAN GELMAN AND PATRICK ELLSWORTH

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TAGS: [ETTC](#) [KOMC](#) [EZ](#)
SUBJECT: BLUE LANTERN SITE VISIT TO LOM PRAHA S.P.
POST-SHIPMENT CHECK ON LICENSE 050091548

REF: STATE 91448

¶1. SUMMARY: In response to reftel Poloff and PM/DDTC team conducted a site visit at Lom Praha S. P. (LP) in order to verify its relationship with the Czech Republic Ministry of Defense and establish the bona fides of this export involving communication and navigation equipment for the Mi-171 helicopter. On September 9, 2008 Embassy team met with the following LP representatives: Director of Aircraft Division, Miroslav Komarek, Security Director, Dusan Franko, and Modernization Project Manager, Martin Jilek. Despite concerns over the periodic presence of Russian technicians at the Mi-171 worksite, as required under EU regulations, team views LP as a reliable recipient of U.S.-origin defense articles and technology.

¶2. LP presented Embassy team with an end-user statement provided by the Czech Republic MoD signed by Acting Director Mgr. Jiri Stanek on 19 February 2008; confirming that the navigation component parts would be used for testing on the Czech Air Force Mi-171Sh helicopter. The document stated further that the goods will remain Czech property and not be resold or retransferred. Post sought to determine LP,s familiarity with the International Traffic in Arms Regulations (ITAR) and its restrictions on the unauthorized retransfer and re-export of United States Munitions List (USML) items; stressing in particular the restrictions regarding the unauthorized third-party transfer of associated technical data. LP exhibited familiarity with ITAR regulations and provided assurances against the unauthorized transfer of the component parts and associated technical data. Embassy team,s overall impression was that LP,s staff appeared organized, disciplined and generally knowledgeable regarding ITAR regulations/restrictions.

¶3. Blue Lantern team sought assurances regarding the status of Russian technicians who plan to visit LP at certain pre-approved times, in order to review status of work on the Mi-171 helicopters. Since the Mi-171,s were originally manufactured by Russia, European Union regulations require the manufacturer, in this case a team from a Russian Design Bureau to provide mechanical inspection and ensure the general airworthiness of the helicopters. The potential presence of Russian technicians raised concerns that technical data related to U.S.-origin navigation and communication systems could be retransferred to Russia. LP explained that the role of the Russian technicians would be limited to the installation of larger systems into the aircraft, as required under EU regulations. LP provided assurances that Russian entities would not have access to U.S.-origin technology, nor would any technical data on such systems be shared.

¶4. LP,s physical location consists of an office building

and a series of warehouses large enough to house aircraft. Security Director Franko indicated that all USML items received by LP are stored under lock and key in the warehouse facilities. Embassy team confirmed their general security level while performing an inspection of a warehouse and the Mi-171Sh helicopter in which the navigation test equipment would be installed. Inside the warehouse the helicopters were cordoned off by a several-foot high opaque fence disallowing access to those who would not be working on the project. Mr. Franko indicated that there would also be a sign-in roster outside of the warehouse/project entrance which would be checked frequently ensuring access to authorized personnel only.

15. Embassy team,s site visit confirms the bona fides of the transaction, LP,s relationship to the Czech Republic MoD and establishes LP as a generally reliable recipient of USML articles.

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